

TAX INCREMENT REINVESTMENT ZONES

For information purposes, FY2007- CIP includes projects funded by the city's Tax Increment Reinvestment Zones (TIRZ). Created by the city according to state law, each TIRZ receives all incremental property tax revenues collected by the city within the boundaries of the TIRZ beyond that collected in the year the TIRZ was created. The TIRZ then uses property tax funds, and other income, to make improvements within the TIRZ that would otherwise be built by the city. These improvements generate private sector investments in the TIRZ that would not otherwise occur. The improvements are administered through the zone board, and, in all but two cases, a redevelopment authority.

Funding for the TIRZ projects may come from several sources including: direct developer financing pursuant to a developer reimbursement agreement, redevelopment authority bond financing, loans from financial institutions, and from incremental tax revenue provided through Harris County or a school district. Each TIRZ develops a project plan to govern resource allocation and project decisions. City Council approves project plans, amendments to those plans, and bond sales the TIRZ may conduct to finance improvements.

The projects are specific to the zones and are not funded through any City CIP or through one of the major departmental programs. For the FY period, the projects, identified by zone, collectively total \$135 million and include street paving, water, sewer, storm sewer, lighting, landscaping, park improvements, and a variety of pedestrian infrastructure improvements.

The information contained in this section of the CIP has been taken from the TIRZ project plans. The levels of specificity in these plans vary.

The remainder of the FY2007-2011 CIP has been reviewed to determine which projects are located inside a TIRZ, thereby making them potentially eligible for TIRZ funding. Adopted CIP projects located inside a TIRZ could be funded by the TIRZ instead of utilizing City funds programmed in this CIP. Potential for TIRZ financing is determined by the financial capability of the TIRZ and the eligibility of the project under the TIRZ's project plan.